

STATE OF MICHIGAN DEPARTMENT OF EDUCATION LANSING



MEMORANDUM

February 27, 2004

TO: State Board of Education

FROM: Thomas D. Watkins Jr., Chairman

SUBJECT: Update on Department of Education Budget and School Aid

On February 26, 2004 Senate Fiscal Agency staff presented the FY 2005 Department Budget bill and School Aid to the Senate Appropriations Subcommittee on School Aid/Department of Education. Department staff was available to answer questions. The highlights of both FY 2005 bills are attached. Department staff will have an opportunity on March 11, 2004 to enter into full discussion on budget issues with this subcommittee. The full Senate will take action on these bills the week of March 29. After Senate action, the House will take action on these bills.

Attachment

STATE BOARD OF EDUCATION

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Senate Fiscal Agency P.O. Box 30036 Lansing, Michigan 48909-7536



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986 TDO: (517) 373-0543

Senate Bill	(as introduced)
Committee:	Appropriations

FY 2003-04 Year-to-Date Gross Appropriation	\$12,475,669,000
Changes from FY 2003-04 Year-to-Date:	
 FY 2003-04 Proration. The Executive Recommendation restores the full amount of the proration that occurred in FY 2003-04. 	131,100,000
School Bond Loan Fund. The Executive Recommendation Increases this line item to account for the increased cost in the State's obligation for making debt service payments in FY 2004-05 on behalf of participating school districts.	12,800,000
 Proposal A Obligation Payment. This line item is reduced in the Executive Recommendation due to changes in pupil counts and taxable value estimates as well as the change to a 50/50 blended pupil membership count. 	(151,000,000)
 Discretionary Payment. The Executive Recommendation increases funding to account for changes in pupil counts and taxable value estimates. 	4,000,000
Renaissance Zones. This line item is increased in the Executive Recommendation due to changes in taxable value estimates for FY 2004-05.	6,240,000
 School Lunch – State Share. The Executive Recommendation slightly decreases funding for this line item due to changes in prior-year estimates. 	(204,900)
7. Great Parents, Great Start ISD Program. This line item is increased in the Executive Recommendation to expand the program to more preschool-aged children and parents. The program is also formally named the Great Parents/Great Start Program.	6,674,000
 Federal No Child Left Behind (NCLB) Grants. Federal NCLB grants are reduced by \$1,232,600 in the Executive Recommendation. In addition, there is a reduction of \$600,000 in other Federal non-NCLB funding for FY 2004-05. 	(1,832,600)
9. Special Education (State and Federal). The Executive Recommendation increases the net funding in the State portion of Special Education by \$23,600,000 (an increase of \$24,100,000 in general special ed funding and a reduction of \$500,000 in special ed hold harmless payments). In addition, Federal funding for special education is reduced by \$150,000.	. 23,450,000
10. ISD Learn to Earn Centers. The Executive Recommendation proposes new planning grants for ISDs to operate "Learn to Earn Centers" focusing on career preparation initiatives for high school dropouts.	1,000,000
11. ISD General Operations. This line item is reduced in the Executive Recommendation in order to provide additional funding of \$6,674,000 for the Great Parents, Great Start Program and \$1,000,000 for the ISD planning grants.	(7,674,000)
 Center for Educational Performance and Information (CEPI). The Executive Recommendation decreases the State share of funding for this line item by \$3,000,000. Additionally, Federal funding is decreased by \$311,300 for FY 2004-05. 	(3,311,300)
 Freedom to Learn Grants. This line item is reduced in the Executive Recommendation for FY 2004-05 due to budget constraints; however, Federal funding is maintained at FY 2003-04 levels. 	(17,000,000)
Total Changes	\$4,241,200
FY 2004-05 Governor's Recommendation	\$12,479,910,200

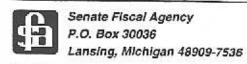
Changes from FY 2003-04 Year to Date:

- Blended Membership Count. The Governor's Recommendation changes the blended pupil membership count from an 80/20 blend to a 50% weight on the current-year September count plus 50% weight on the prior-year February count. This change saves an estimated \$43 million in FY 2004-05. (Sec. 6(4))
- Declining Enrollment. The declining enrollment provision, whereby small rural districts use a three-year blend to determine pupil membership, is eliminated in the Governor's Recommendation. These districts will benefit under the proposed change to a 50/50 blend. (Sec. 6(4)(y))
- Proration Language. The Governor's Recommendation adds four sections of the School Aid Act that are to be
 protected from any future proration. These sections include: 11j (School Bond Loan Fund payments); 26a
 (Renaissance Zone reimbursements); 51a(12) (Payments for Special Ed juvenile detention pupils); and 53a (Special
 Ed court-placed pupils). (Sec. 11(3) and (4))
- Foundation Allowance. The Governor's Recommendation maintains the basic foundation allowance at \$6,700 per pupil for FY 2004-05. (Sec. 20(1))
- Hold Harmless Adjustments. Districts with foundation allowances above \$9,000 per pupil in FY 2003-04 shall receive a reduction of up to \$74 per pupil under the Governor's Recommendation. No district shall fall below \$9,000 due to this adjustment. This provision saves an estimated \$6.6 million in FY 2004-05. (Sec. 20j(2))
- Consolidation Language. The Governor's Recommendation appropriates a total of \$1,000,000 for FY 2004-05 to
 provide an incentive for districts to consolidate (or annex). The incentive payment is equal to \$25 per pupil in the
 newly consolidated district up to a maximum of \$500,000 per consolidation. (Proposed Sec. 20L)
- ISD 0-5 Grants Evaluation Language. Current law requires ISD 0-5 grant recipients under Section 32j to perform an evaluation of the effectiveness of the program. The Governor's Recommendation eliminates this evaluation component of the program. (Sec. 32j(4))
- 8. CEPI. The Governor's Recommendation eliminates old language that required CEPI to pay ISDs for implementation costs; eliminates dual submission language; and eliminates a requirement that the CEPI submit proposals for new electronic data collections at least 30 days prior to implementation. (Sec. 94a)
- 9. Freedom to Learn. The Governor's Recommendation eliminates several provisions in this section, including: Legislative Intent language that all plans submitted to the U.S. Department of Education relating to the distribution of Federal Funds be for the purposes stated in this Section; the requirement that the MVU work in partnership with Ferris State University for professional development on technology integration; and Legislative Intent language that the State seek private funding for this program. (Sec. 98b)
- 10. Lapsed Math and Science Center Funding. New language is added in the Governor's Recommendation to allow any funds that are declined by a Math and Science Center to be distributed to the remaining Centers on a pro rata basis as determined by the Department. (Sec. 99)
- 11. Hours Requirement. The Governor's Recommendation adds two provisions to the language in this section. The first is that if the minimum number of hours requirement is waived by the State Superintendent for a department-approved alternative education program, then the scheduled number of hours must be equal to 80% of the required minimum number of hours of pupil instruction. The second recommended change is that the 51 hours of professional development that are currently allowed to count as hours of pupil instruction will only count if that professional development is focused on achieving or improving AYP per the NCLB Act. (Sec. 101)
- 12. Adult Education Funding Split. The Governor's Recommendation changes the funding split for adult education programs to 80% being based on enrollment and 20% being based on completion of the program. Currently, the split is 90% for enrollment and 10% for completion of the program. (Sec. 107)
- 13. Pilot Adult Learning Program. The Governor's Recommendation adds a new pilot program that authorizes the Department to implement two pilot projects in two Michigan Works! regions. The Michigan Works! regions shall award competitive grants within their regions to adult learning providers for the purpose of providing adult learning programs. Funding is allocated from Section 107 (Adult Education) with no more than 5% of the grant being used for administration. (Proposed Sec. 1078)

Date Completed: February 26, 2004

Fiscal Analyst: Joe Carrasco, Jr. Kathryn Summers-Coty

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



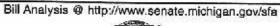


Telephone: (517) 373-2768 Fax: (517) 373-1986

TDD: (517) 373-0543

Senate Bill (as introduced) Committee: Appropriations

FY 2003-04 Year-to-Date Gross Appropriation	108,281,200
Changes from FY 2003-04 Year-to-Date:	
 MEAP Transferred to DOE. Executive Order 2003-20 transferred the Michigan Educational Assessment Program back to the Department of Education. This program is funded with Merit Award Trust Funds and Federal dollars. 	27,300,500
Federal Funding Adjustments. Technical adjustments in Federal funding are included to mach available anticipated revenues from the U.S. Department of Education.	(18,303,400)
 Reduction in Merit Award Funding of MEAP. A fund shift of \$3,000,000 is included which reduces the Merit Award funding in the MEAP unit and instead uses Federal No Child Left Behind work project funding. 	(3,000,000)
4. Balance of Driver's Ed Program Ellminated. EO 2003-23 eliminated State grants for the Driver's Education program for the balance of FY 2003-04. However, \$1,500,000 was retained to pay contracts through January 2004. This budget eliminates the \$1,500,000.	(1,500,000)
Employee-Related Savings. A total of \$1,079,800 Gross, \$141,300 GF/GP is reduced for yet-to-be negotiated employee-related savings.	(1,079,800)
 Transfer Driver's Ed Administrative Funding to Department of State. With EO 2003- 23 mentioned above, the administrative funding supporting FTEs in the Department of Education is transferred to the Department of State, which collects driver's license fees. 	(528,000)
 Technical Adjustment for School Breakfast Funding. Due to more precise data for estimates, School Breakfast funding is reduced \$345,100 GF/GP. 	(345,100)
 Miscellaneous FTE Issues. \$276,200 is appropriated to support both the MEAP Chief Assessment Officer and the NAEP Coordinator. Human resources optimization savings and partially offsetting user charges total \$19,600. 	256,600
 Information Technology Budgetary Savings and Services Reduction. The IT line is reduced \$136,100 Gross, and \$200,200 GF/GP as a combination of budgetary savings and corresponding services reductions. 	(136,100)
0. Print Shop at the MSDB and Rent at MSB. The Print Shop for converting texts into products used by visually impaired students is moved to the Michigan Schools for the Deaf and Blind. There is an Increased cost of \$120,000 associated with this move, supported with local fees to schools using the products. Also, the rent line at the Michigan School for the Blind former site is increased \$72,100 to align with the existing lease agreement.	192,100
 Economic Adjustments. A total of \$4,083,400 Gross, \$622,100 GF/GP for economics is included. This covers salaries and wages, retirement, insurance, worker's comp, and building occupancy charges. A separate increase of \$162,600 Gross, \$53,500 GF/GP is included for IT economic adjustments 	4,246,000
 Other Changes. Other Items include an increase of \$150,000 Gross, \$0 GF/GP for the Limited License to Instruct pilot project; an increase of \$24,400 Gross, \$0 GF/GP for Building Occupancy Charges; a decrease of \$5,000 in Motorcycle License Fees. 	169,400
Fotal Changes	7,272,200
FY 2004-05 Governor's Recommendation	115,553,400





Changes from FY 2003-04 Year to Date:

- Hiring Freeze. The Governor proposes to eliminate the section providing guidelines for the hiring freeze. (current law Section 205)
- Special Education Auditor. The Governor proposes to eliminate language that earmarks funds in Part 1 for the support of a special education auditor. (current law Section 211)
- Receive and Retain Copies of Reports. The Governor proposes to eliminate the section requiring the Department to receive and retain copies of all reports funded from appropriations in Part 1. (current law Section 214)
- 4. Privatization Language. The Governor proposes to eliminate privatization language which was standard across most agency budgets. (current law Section 215)
- Preference for Michigan-made Products. The Governor proposes adding language to "Buy American" to state that
 preference should be given to the purchase of Michigan-made goods and services of comparable price and value.
 (Section 224)
- Depressed and Deprived Communities. The Governor proposes elimination of language directing the Department
 to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform
 contracts to provide services and supplies. (current law Section 217)
- Personal Services Contracts. The Governor proposes elimination of language detailing guidelines for the reporting
 of and engaging in personal service contracts awarded without competitive bidding, pricing, or rate setting. (current
 law Section 218)
- Motorcycle and ORV Safety Programs. The Governor proposes elimination of two sections requiring the
 Department to work, respectively, with the Departments of State and Natural Resources to ensure these transferred
 programs are administered in the same manner as when the Department of Education oversaw them. (current law
 Sections 219 and 220)
- Contingency Funds. The Governor inserts language providing for Federal, private, local, and State restricted contingency funds. (Section 223)
- State Board Travel. The Governor removes the prohibition on out-of-state travel for the State Board of Education. (Section 302)
- Report on MSB Expenditures. The Governor proposes elimination of a reporting requirement on expenditures
 made at the Michigan School for the Blind former site.
- Legislative Intent Language on Charter School Office FTEs. The Governor removes language stating the intent
 of the Legislature to assess the number of FTEs allocated for the charter school office. (Section 601)
- 13. MEAP. The Governor inserts a new section stating that the Department shall provide tests to nonpublic schools and home-schooled students upon request, and shall notify nonpublic schools they are eligible to receive the tests. The new section further requires the Department to release test results at the same time to all private schools and public school districts taking the tests. Finally, the new section states that the results of each test shall include an item analysis that lists all items that are counted for individual student scores and the percentage of students choosing each possible response. (Section 1001)

Date Completed: 2/23/04

Fiscal Analyst: K. Summers-Coty

1 EDUCATION 2 EXECUTIVE BUDGET BILL A bill to make appropriations for the department of education and 3 certain other purposes relating to education for the fiscal year ending 4 September 30, 2005; to provide for the expenditure of the appropriations; 5 to prescribe the powers and duties of certain state departments, school 6 districts, and other governmental bodies; and to provide for the 7 disposition of fees and other income received by certain legal entities and 8 9 state agencies. 10 THE PEOPLE OF THE STATE OF MICHIGAN ENACT: 11 PART 1 12 LINE-ITEM APPROPRIATIONS 13 Sec. 101. Subject to the conditions set forth in this bill, the 14 amounts listed in this part are appropriated for the department of 15 education for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations 16 17 in this part: 18 DEPARTMENT OF EDUCATION 19 APPROPRIATIONS SUMMARY: 20 Full-time equated unclassified positions...... 6.0 21 Full-time equated classified positions...... 394.0 GROSS APPROPRIATION.....\$ 22 115,553,400 23 Interdepartmental grant revenues: 24 Interdepartmental grant from corrections academy lease. 1,072,100

Total interdepartmental grants and intradepartmental

transfers

ADJUSTED GROSS APPROPRIATION \$ 114,481,300

1,072,100

25

26

27

1 Federal revenues:

2	Total federal revenues		50,654,600
3	Special revenue funds:		,,
4	Local cost sharing (schools for blind/deaf)		4,928,800
5	Local school district service fees		270,000
6	Total local revenues		
7	Gifts, bequests, and donations		5,198,800
8	Private foundations		504,200
			197,200
9	Total private revenues		701,400
10	Total local and private revenues		5,900,200
11	Certification fees		4 371 300
12			4,371,300
14	Commodity distribution fees		72,300
13	Lansing, Michigan school for the blind rent	- 1	739,000
14	Merit award trust fund		13,685,200
15	Student insurance revenue		205,100
16	Teacher testing fees		299,300
17	Training and orientation workshop fees	28	100,000
18	Total other state restricted revenues		19,472,200
19	State general fund/general purpose	\$	28,454,300
20	Sec. 102. STATE BOARD OF EDUCATION/OFFICE OF THE SUP	erin	PENDENT
21	Full-time equated unclassified positions 6.0		
22	Full-time equated classified positions 15.0		
23	State board of education, per diem payments	\$	24,400
24	Unclassified positions 6.0 FTE positions	25	515,600
25	State board/superintendent operations16.0 FTE		
26	positions		2,586,900
27	GROSS APPROPRIATION	\$	3,226,900

1	Appropriated from:	
2	Federal revenues:	
3	Total federal revenues	(3)
4	Special revenue funds:	1,715,800
5		
6	Certification fees	174,400
7	Private foundations	23,000
8	State general fund/general purpose\$	1,313,700
	Sec. 103. CENTRAL SUPPORT	
9	Full-time equated classified positions 27.0	
10	Central support27.0 FTE positions \$	3,413.700
11	Worker's compensation	42,000
12	Building occupancy charges - property management services	1,342,700
13	Training and orientation workshops	100,000
14	Terminal leave payments	520,400
15	Human resources optimization user charges	ACCESS OF THE SECOND
16	GROSS APPROPRIATION\$	ii
17	Appropriated from:	5,548,300
18	Federal revenues:	
19	Total federal revenues	
20	Special revenue funds:	3,427,600
21	Certification fees	
22		260,800
23	Commodity distribution fees	7,000
24	Local cost sharing	93,400
	Teacher testing fees	12,200
25	Training and orientation workshop fees	100,000
26	State general fund/general purpose S	1,647,300
27	Sec. 104. SCHOOL SUPPORT SERVICES	

1	Full-time equated classified positions 48.0		
2	School support operations48.0 FTE positions		5,647,900
3	GROSS APPROPRIATION		The second secon
4	Appropriated from:	10.00	3,047,500
5	Federal revenues:		
5	Total federal revenues		5,185,800
7	Special revenue funds:		3, 203,000
8	Commodity distribution fees		65,300
9	State general fund/general purpose	\$	24150 (243 p 0.743 property
10	Sec. 105. INFORMATION TECHNOLOGY SERVICES		
11	Information technology operations	\$	2,540,600
12	GROSS APPROPRIATION		
13	Appropriated from:	138	-1
14	Federal revenues:		
15	Total federal revenues		1,482,800
16	Special revenue funds:		
17	Local cost sharing (schools for the blind/deaf)		47,700
18	Certification fees		175,400
19	State general fund/general purpose	\$	834,700
20	Sec. 106. SPECIAL EDUCATION SERVICES		
21	Full-time equated classified positions 43.0		9
22	Special education operations43.0 FTE positions	\$.	10,930,100
23	GROSS APPROPRIATION	\$	10,930,100
24	Appropriated from:		
25	Federal revenues:		
26	Total federal revenues		10,682,100
27	Special revenue funds:		

1	Certification fees		35,700
2	State general fund/general purpose	\$	211,300
3	Sec. 107. LANSING, MICHIGAN SCHOOL FOR THE BLIND FOR	MER	SITE
4	General services	\$	1,821,100
5	GROSS APPROPRIATION		200
б	Appropriated from:		
7	Interdepartmental grant revenues:		
8	Interdepartmental grant from corrections academy lease.		1,072,100
9	Special revenue funds:		
10	Gifts, bequests, and donations		10,000
11	Lansing, Michigan school for the blind rent		739,000
12	State general fund/general purpose	\$. 0
13	Sec. 108. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND		
14	Full-time equated classified positions 76.0		
15	Michigan schools for the deaf and blind operations75.0		
16	FTE positions	\$	10,172,500
17	Summer institute		90,000
18	Camp Tuhsmeheta1.0 FTE position	ti	250,100
19	Private gifts - blind		90,000
20	Private gifts - deaf		50,000
21	GROSS APPROPRIATION	\$	10,652,600
22	Appropriated from:		
23	Federal revenues:		
24	Total federal revenues	*:	4,895,600
25	Special revenue funds:		
26	Local cost sharing (schools for blind/deaf)		4,787,700
27	Local school district service fees		270,000

1	Gifts, bequests, and donations	494,200
2	Student insurance revenue	205,100
3	State general fund/general purpose \$	0
4	Sec. 109. PROFESSIONAL PREPARATION SERVICES	9
5	Full-time equated classified positions 27.0	
- 6	Professional preparation operations27.0 FTE	
7	positions \$	5,382,900
8	Department of attorney general	
9		
	GROSS APPROPRIATION \$	5,432,900
10	Appropriated from:	
11	Federal revenues:	
12	Total federal revenues	2,547,100
13	Special revenue funds:	
14	Certification fees	2,598,700
15	Teacher testing fees	287,100
16	State general fund/general purpose \$	0
17	Sec. 110. EARLY CHILDHOOD EDUCATION AND FAMILY SERVICES	
18	Full-time equated classified positions 23.0	
19	Early childhood education and family services operations	
20	23.0 FTE positions \$	3,680,600
21	GROSS APPROPRIATION \$	3,680,600
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenues	2,689,800
25	Special revenue funds:	
26	Certification fees	53,600
27	State general fund/general purpose \$	937,200

1	Sec. 111. SCHOOL IMPROVEMENT SERVICES		
2	Full-time equated classified positions 78.0)	
3	School improvement operations 78.0 FTE positions	\$	14,081,500
4	GROSS APPROPRIATION		
5	Appropriated from:		536.2 Santana
5	Federal revenues:		
7	Total federal revenues		13,425,700
8	Special revenue funds:		
9	Certification fees		502,300
10	Private foundations		79,400
11	State general fund/general purpose	\$	73,100
12	Sec. 112. SCHOOL FINANCE AND SCHOOL LAW SERVICES		
13	Full-time equated classified positions 21.0		•
14	School finance and school law operations21.0 FTE	10	
15	positions	\$	2,473,700
16	GROSS APPROPRIATION	\$	2,473,700
17	Appropriated from:	20	
18	Federal revenues:	9	
19	Total federal revenues		1,241,300
20	Special revenue funds:		
21	Certification fees		467,200
22	State general fund/general purpose	\$	765,200
23	Sec. 113. EDUCATIONAL ASSESSMENT SERVICES		
24	Full-time equated classified positions 25.0		-
25	Educational assessment operations25.0 FTE		
26	positions	\$	24,968,900
27	GROSS APPROPRIATION	\$	24,968,900

1	Appropriated from:		
2	Federal revenues:		
3	Total federal revenues		11 227 700
4	Special revenue funds:		11,283,700
5	Merit award trust funds		13 696 300
6	State general fund/general purpose		0
7	Sec. 114. GRANTS ADMINISTRATION AND COORDINATION SER	500	17.
8	Full-time equated classified positions 10.0)	
9	Grants administration and coordination operations10.0	FTE	
10	positions	\$	1,078,500
11	GROSS APPROPRIATION	\$	1,078,500
12	Appropriated from:		\$441
13	Federal revenues:		0
14	Total federal revenues		1,076,300
15	Special revenue funds:		
16	Certification fees		2,200
17	State general fund/general purpose	\$	٥
18	Sec. 115. GRANTS AND DISTRIBUTIONS		
19	Urgent school renovation	s	1,000,000
20	Christa McAuliffe grants		94,800
21	National board certification		100,000
22	School breakfast programs		10,025,000
23	School readiness grants		12,250,000
24	GROSS APPROPRIATION	\$	23,469,800
25	Appropriated from:		
26	Federal revenues:		
27	DED-OESE, urgent school renovation8		1,000,000

1	Special revenue funds:
2	Certification fees
3	Private foundations94,800
4	State general fund/general purpose \$ 22,275,000
5	PART 2
6	PROVISIONS CONCERNING APPROPRIATIONS
7	Sec. 201. Pursuant to section 30 of article IX of the state
8	constitution of 1963, total state spending from state resources under part
9	1 for fiscal year 2004-2005 is \$47,926,500.00 and state spending from state
10	resources to be paid to local units of government for fiscal year 2004-2005
11	is estimated at \$11,015,100.00. The itemized statement below identifies
12	appropriations from which spending to units of local government will occur:
13	GRANTS AND DISTRIBUTIONS
14	STATE PROGRAMS:
15	School readiness grants\$ 990,100
16	School lunch and breakfast 10,025,000
17	TOTAL\$ 11,015,100
18	Sec. 202. The appropriations authorized under this bill are subject to
19	the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.
20	Sec. 203. As used in this bill:
21	(a) "DED-OESE" means the United States department of education
22	office of elementary and secondary education.
23	(b) "Department" means the Michigan department of education.
24	(c) "District" means a local school district as defined in section
25	6 of the revised school code, 1976 PA 451, MCL 380.6, or a local act school
26	district or public school academy as defined in section 5 of the revised
27	school code, 1976 PA 451, MCL 380.5.

- 1 (d) "FTE" means full-time equated.
- Sec. 204. The department of civil service shall bill the department at
- 3 the end of the first fiscal quarter for the 1% charge authorized by section
- 4 5 of article XI of the state constitution of 1963. Payments shall be made
- 5 for the total amount of the billing by the end of the second fiscal
- 6 quarter.
- 7 Sec. 206. Unless otherwise specified, the department receiving
- 8 appropriations in part 1 shall use the Internet to fulfill the reporting
- 9 requirements of this bill. This requirement may include transmission of
- 10 reports via electronic mail to the recipients identified for each reporting
- 11 requirement, or it may include placement of reports on an Internet or
- 12 Intranet site.
- 13 Sec. 207. The department may carry into the succeeding fiscal year
- 14 unexpended federal pass-through funds to local institutions and governments
- 15 that do not require additional state matching funds. Federal pass-through
- 16 funds to local institutions and governments that are received in amounts in
- 17 addition to those included in part 1 and that do not require additional
- 18 state matching funds are appropriated for the purposes intended.
- 19 Sec. 208. The department shall provide the state budget director and
- 20 the senate and house fiscal agencies with copies of the state board of
- 21 education agenda and all supporting documents at the time the agenda and
- 22 supporting documents are provided to state board of education members.
- Sec. 209. (1) Upon receipt of the federal drug free grant, the
- 24 department shall allocate \$225,000.00 of the grant to the safe school
- 25 program within the department. The safe school program shall work with
- 26 local school boards, law enforcement agencies, community leaders, and the
- 27 office of drug control policy for the prevention of school violence. The

- 1 safe school program shall develop and implement, and serve as coordinator
- 2 of, a statewide clearinghouse for information, program development, model
- 3 programs and policies, and technical assistance on school violence
- 4 prevention.
- 5 (2) To accomplish its functions under this section, the safe school
- 5 program shall do all of the following:
- 7 (a) Evaluate the effectiveness of, and make recommendations to local
- 8 school boards concerning public school violence prevention programs,
- 9 including, but not limited to, programs aimed at reducing the possession of
- 10 weapons and the incidence of other violent behaviors on school campuses,
- 11 violence prevention curricula, conflict resolution and peer mediation
- 12 training, interagency cooperative referral and treatment programs, parental
- 13 involvement programs, and school safety planning.
- 14 (b) In consultation with appropriate organizations, develop and
- 15 distribute to school districts and public school academies a model code of
- 16 conduct for pupils.
- 17 (c) Coordinate with the office of drug control policy in the
- 18 department of community health to ensure that there is a meaningful linkage
- 19 between the efforts under this bill to provide safe schools and the
- 20 initiatives undertaken through that office, including, but not limited to,
- 21 school districts' safe and drug-free school plans, and to facilitate timely
- 22 applications for and distribution of available grant money.
- 23 (d) Provide through the Internet the availability to and information
- 24 regarding the state model policy on locker searches, the state model policy
- 25 on firearm safety and awareness, and any other state or local safety
- 26 policies that the office considers exemplary.
- 27 Sec. 210. The department shall require all public school districts to

- 1 maintain complete records within the personnel file of a teacher or school
- 2 employee of any disciplinary actions taken by the local school board
- 3 against the teacher or employee for sexual misconduct. The records shall
- 4 not be destroyed or removed from the teacher's or employee's personnel file
- 5 except as required by a court order.
- 6 Sec. 212. From the funds appropriated in part 1 for information
- 7 technology, the department shall pay user fees to the department of
- 8 information technology for technology-related services and projects. Such
- 9 user fees shall be subject to provisions of an interagency agreement
- 10 between the department and the department of information technology.
- 11 Sec. 213. Amounts appropriated in part 1 for information technology
- 12 may be designated as work projects and carried forward to support
- 13 technology projects under the direction of the department of information
- 14 technology. Funds designated in this manner are not available for
- 15 expenditure until approved as work projects under section 451a of the
- 16 management and budget act, 1984 PA 431, MCL 18.1451a.
- 17 Sec. 222. Before publishing a list of schools or districts determined
- 18 to have failed to make adequate yearly progress as required by the federal
- 19 no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425, the
- 20 department shall allow a school or district to appeal that determination.
- 21 The department shall consider and act upon the appeal within 30 days after
 - 22 it is submitted and shall not publish the list until after all appeals have
 - 23 been considered and decided.
 - Sec. 223. (1) In addition to the funds appropriated in part 1, there is
 - 25 appropriated an amount not to exceed \$1,000,000.00 for federal contingency
 - 26 funds. These funds are not available for expenditure until they have been
 - 27 transferred to another line item in this bill under section 393(2) of the

- 1 management and budget act, 1984 PA 431, MCL 18.1393.
- 2 (2) In addition to the funds appropriated in part 1, there is
- 3 appropriated an amount not to exceed \$700,000.00 for state restricted
- 4 contingency funds. These funds are not available for expenditure until
- 5 they have been transferred to another line item in this bill under section
- 6 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.
- 7 (3) In addition to the funds appropriated in part 1, there is
- 8 appropriated an amount not to exceed \$250,000.00 for local contingency
- 9 funds. These funds are not available for expenditure until they have been
- 10 transferred to another line item in this bill under section 393(2) of the
- 11 management and budget act, 1984 PA 431, MCL 18.1393.
- 12 (4) In addition to the funds appropriated in part 1, there is
- 13 appropriated an amount not to exceed \$3,000,000.00 for private contingency
- 14 funds. These funds are not available for expenditure until they have been
- 15 transferred to another line item in this bill under section 393(2) of the
- 16 management and budget act, 1984 PA 431, MCL 18.1393.
- 17 Sec. 224. Funds appropriated in part 1 shall not be used for the
- 18 purchase of foreign goods or services, or both, if competitively priced and
- 19 comparable quality American goods or services, or both, are available.
- 20 Preference should be given to goods and services or both, manufactured or
- 21 provided by Michigan businesses if they are competitively priced and of
- 22 comparable value.

23 STATE BOARD/OFFICE OF THE SUPERINTENDENT

- Sec. 301. (1) The appropriations in part 1 may be used for per diem
- 25 payments to the state board at which a quorum is present. The per diem
- 26 payments shall be at a rate as follows:
- 27 (a) State board of education president \$110.00 per day

- 1 (b) State board of education member other than president \$100.00
 2 per day.
- 3 (2) A state board of education member shall not be paid a per diem
- 4 for more than 30 days per year.
- 5 (3) The administrative secretary of the state board of education
- 6 shall report to the public, the senate and house fiscal agencies, and the
- 7 state budget director the previous quarter's expenses by fund source for
- 8 members of the state board of education related to the performance of their
- 9 responsibilities.
- 10 Sec. 302. From the amount appropriated in part 1 to the state board of
- 11 education, not more than \$35,000.00 shall be expended for travel.

12 MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

- 13 Sec. 401. The employees at the Michigan schools for the deaf and blind
- 14 who work on a school year basis shall be considered annual employees for
- 15 purposes of service credits, retirement, and insurance benefits.
- 16 Sec. 402. For each student enrolled at the Michigan schools for the deaf
- 17 and blind, the department shall assess the intermediate school district of
- 18 residence 100% of the cost of operating the student's instructional
- 19 program. The amount shall exclude room and board related costs and the
- 20 cost of weekend transportation between the school and the student's home.
- 21 Sec. 403. (1) The department may assess rent to any state agency for
- 22 the use of any facility at the Michigan school for the blind's former site
- 23 in Lansing. The rental rates and all leasing arrangements shall be subject
- 24 to the approval of the department of management and budget.
- 25 (2) In addition to those funds appropriated in part 1, the
- 26 department may receive and expend additional funds from lease agreements
- 27 made by each tenant for space at the Michigan school for the blind's former

- 1 site in Lansing that have been negotiated with the approval of the
- 2 department of management and budget. These funds are appropriated to th
- 3 department for operation, maintenance, and renovation expenses associated
- 4 with the leased space designated in the tenant's lease agreement.
- 5 (3) Security guards or other patrols at the Michigan school for the
- 6 blind's former site shall not be funded through part 1 funds appropriated
- 7 for the Michigan schools for the deaf and blind.
- 8 (4) If the department leases real property to a person or
- 9 organization that is not a department of state government, the department
- 10 shall not expend funds in excess of the lease revenue received to replace,
- 11 renovate, or repair that real property. This section shall not apply to
- 12 emergency repairs or costs associated with technological renovations.
- 13 (5) The department shall not lease real property for less than fair
- 14 market value.
- 15 (6) From the unexpended balances of appropriations and any surplus
- 16 restricted revenue for the former school for the blind site in Lansing, up
- 17 to \$100,000.00 of any unexpended and unencumbered funds remaining on
- 18 September 30, 2005 may be carried forward as a work project and expended
- 19 for special maintenance and repairs of facilities at the former Michigan
- 20 school for the blind site in Lansing. The work project shall be performed
- 21 by state employees or by contract when necessary at an estimated cost of
- 22 \$100,000.00. The estimated completion date of the work project is
- 23 September 30, 2006.
- Sec. 404. (1) The department may assess rent or lease excess property
- 25 located on the campus of the Michigan schools for the deaf and blind in
- 26 Flint to private or publicly funded organizations.
- 27 (2) In addition to those funds appropriated in part 1, the

- 1 department may receive and expend additional funds from lease agreements at
- 2 the Michigan schools for the deaf and blind Flint campus that have been
- 3 negotiated with the approval of the department of management and budget.
- 4 These funds are appropriated to the department for the operation,
- 5 maintenance, and renovation expenses associated with the leased space.
- 6 (3) From the unexpended balances of appropriations for the schools
- 7 for the deaf and blind operations, and from proceeds of the sale of surplus
- 8 property and facilities at the Michigan schools for the deaf and blind, up
- 9 to \$250,000.00 of any unexpended and unencumbered funds remaining on
- 10 September 30, 2005 may be carried forward as a work project and expended
- 11 for special maintenance and repairs of facilities at the campus of the
- 12 Michigan schools for the deaf and blind in Flint. The work shall be
- 13 carried out by state employees, or by contract as necessary, at an
- 14 estimated cost of \$250,000.00. The estimated completion date of the work
- 15 is September 30, 2006.
- 16 Sec. 408. The department may assist the department of community
- 17 health, other departments, and local achool districts to secure
- 18 reimbursement for eligible services provided in Michigan schools from the
- 19 federal Medicaid program. The department may submit reports of direct
- 20 expenses related to this effort to the department of community health for
- 21 reimbursement.
- 22 Sec. 409. (1) The Michigan schools for the deaf and blind may promote
- 23 its residential program as a possible appropriate option for children who
- 24 are deaf or hard of hearing or who are blind or visually impaired. The
- 25 Michigan schools for the deaf and blind shall distribute information
- 26 detailing its services to all intermediate school districts in the state.
- 27 (2) Upon knowledge of or recognition by an intermediate school

- 1 district that a child in the district is deaf or hard of hearing or blind
- 2 or visually impaired, the intermediate school district shall provide to the
- 3 parents of the child the literature distributed by the Michigan schools for
- 4 the deaf and blind to intermediate school districts under subsection (1).
- 5 (3) Parents should continue to have a choice regarding the
- 6 educational placement of their deaf or hard of hearing children.
- 7 Sec. 410. In addition to those funds appropriated in part 1, the
- 8 department may receive and expend funds from the mid-Michigan leadership
- 9 academy for capital improvements. The department shall report to the house
- 10 and senate fiscal agencies and the state budget office on an annual basis
- 11 any expenditures made under this section. These additional funds are
- 12 appropriated specifically for capital improvements authorized by the
- 13 department of management and budget and shall be negotiated as part of the
- 14 lease agreement.

15 PROFESSIONAL PREPARATION SERVICES

- 16 Sec. 501. From the funds appropriated in part 1 for professional
- 17 preparation services, the department shall maintain the professional
- 18 personnel register and certificate revocation/felony conviction files.
- 19 Sec. 502. The department shall authorize teacher preparation
- 20 institutions to provide an alternative program by which up to 1/2 of the
- 21 required student internship or student teaching credits may be earned
- 22 through substitute teaching. The department shall require that teacher
- 23 preparation institutions collaborate with school districts to ensure that
- 24 the quality of instruction provided to student teachers is comparable to
- 25 that required in a traditional student teaching program.

26 OFFICE OF SCHOOL IMPROVEMENT

Sec. 601. From the amount appropriated in part 1 for the office of

- 1. school improvement, there is allocated \$350,000.00 and 3.5 FTE positions to
- 2 operate a charter school office to administer charter school legislati
- 3 and associated regulations, and to coordinate the activities of the
- 4 department relating to charter schools.

5 GRANTS AND DISTRIBUTIONS

- 6 Sec. 701. The department shall disburse the funds to a general fund
- 7 grantee in accordance with the same standards of timing and amount that
- 8 apply to disbursements made by the department to a federal fund grantee.
- 9 The disbursement shall be restricted to the minimum amount needed for
- 10 immediate disbursement by the grantee. The department may waive this
- 11 section if extenuating circumstances warrant and are substantiated in the
- 12 grantee's application or other appropriate documentation. A waiver granted
- 13 pursuant to this section shall not be effective until 15 days after written
- 14 notice of the proposed waiver is given to the state budget director and the
- 15 chairpersons of the senate and house appropriations subcommittees having
- 16 jurisdiction over the department budget.
- 17 Sec. 702. The funds appropriated in part 1 for school breakfast
- 18 programs shall be made available to all eligible applicant public school
- 19 districts as follows:
- 20 (a) The public school district participates in the federal school
- 21 breakfast program and meets all standards as prescribed by 7 C.F.R. parts
- 22 220 and 245.
- 23 (b) Payment is made for each breakfast served meeting standards
- 24 prescribed in subdivision (a).
- 25 (c) The payment for a public school district is at a per meal rate
- 26 equal to the lesser of the district's actual cost, or 100% of the cost of a
- 27 breakfast served by an efficiently operated breakfast program as determined

- 1 by the department, less federal reimbursement, participant payments, and
- 2 other state reimbursement. Determination of efficient cost by the
- 3 department shall be determined by using a statistical sampling of statewide
- 4 and regional cost as reported in a manner approved by the department for
- 5 the preceding school year.
- 6 (d) The payment determined under subdivision (c) is prorated if the
- 7 appropriation in part 1 is not sufficient to fund all payments determined
- 8. under this section.
- 9 Sec. 703. (1) The funds appropriated in part 1 for project great start
- 10 school readiness programs shall be made available through a competitive
- 11 application process as follows:
- 12 (a) An applicant may be any public or private nonprofit legal entity
- 13 or agency other than a local or intermediate school district except a local
- 14 or intermediate school district acting as a fiscal agent for a child caring
- 15 organization regulated under 1973 PA 116, MCL 722.111 to 722.128.
- (b) Applications shall be submitted in a form and manner as required
- 17 by the department.
- (c) Applications shall be reviewed by a diverse interagency
- 19 committee composed of representatives of the department, appropriate
- 20 community, volunteer, and social service agencies and organizations, and
- 21 parents.
- (d) Priority in the recommendation for awarding of grants by the
- 23 superintendent of public instruction to applicants shall be based upon the
- 24 following criteria:
- 25 (i) Compliance with standards for early childhood development
- 26 consistent with programs for 4-year-olds, as approved by the state board of
- 27 education.

- (ii) Active and continuous involvement of the parents or guardians
 of the children participating in the program.
- 3 (iii) Employment of teachers possessing proper training in early
- 4 childhood development, including an early childhood (ZA) endorsement or
- 5 child development associate, and trained support staff.
- 6 (iv) Evidence of collaboration with the community of providers in
- 7 early childhood development programs including documentation of the total
- 8 number of children in the community who would meet the criteria established
- 9 in subparagraph (vi), and who are being served by other providers, and the
- 10 number of children who will remain unserved by other community early
- 11 childhood programs if this program is funded.
- 12 (v) The extent to which these funds will supplement other federal,
- 13 state, local, or private funds.
- (vi) The extent to which these funds will be targeted to children
- 15 who will be at least 4, but less than 5, years of age as of December 1 of
- 16 the year in which the programs are offered and who show evidence of 2 or
- 17 more "at-risk" factors as defined in the state board of education report
- 18 entitled, "children at risk" that was adopted by the state board on April
- 19 5, 1988.
- 20 (e) Whether the application contains a comprehensive evaluation plan
- 21 that includes implementation of all program components required and an
- 22 assessment of the gains of children participating in an early childhood
- 23 development program.
- 24 (f) Applications shall provide for the establishment of a school
- 25 readiness advisory committee that shall be involved in the planning and
- 26 evaluation of the program and provides for the involvement of parents and
- 27 appropriate community, volunteer, and social service agencies and

- 1 organizations. There shall be on the committee at least 1 parent or
- 2 guardian of a program participant for every 18 children enrolled in the
- 3 program, with a minimum of 2 parent or guardian representatives. The
- 4 committee shall do all of the following:
- 5 (i) Review the mechanisms and criteria used to determine referrals
- 6 for participation in the school readiness program.
- 7 (ii) Review the health screening program for all participants.
- 8 (iii) Review the nutritional services provided to all participants.
- 9 (iv) Review the mechanisms in place for the referral of families to
- 10 community social service agencies, as appropriate.
- (v) Review the collaboration with and the involvement of appropriate
- 12 community, volunteer, and social service agencies and organizations in
- 13 addressing all aspects of education disadvantage.
- 14 (vi) Review, evaluate, and make recommendations for changes in the
- 15 school readiness program.
- 16 (g) More than 50% of the children participating in the program shall
- 17 meet the income eligibility criteria for free or reduced price lunch, as
- 18 determined under the national school lunch act, chapter 281, 60 Stat. 230,
- 19 42 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, and 1769 to
- 20 1769h, or meet income and all other eligibility criteria for participation
- 21 in the Michigan family independence agency unified child day care program.
- 22 (2) Grant awards by the superintendent of public instruction may be
- 23 at whatever level the superintendent determines appropriate. A grant, when
- 24 combined with other sources of state revenue for this program, shall not
- 25 exceed \$3,300.00 per child or the cost of the program, whichever is less.
- 26 (3) Except as otherwise provided, an applicant that receives a 2004-
- 27 2005 grant under this section shall also receive priority for fiscal years

- 1 2005-2006 and 2006-2007 funding. However, after 3 fiscal years of
- 2 continuous funding, an applicant will be required to compete openly with
- 3 new programs and other programs completing their third year. All grant
- 4 awards are contingent on the availability of funds and documented evidence
- 5 of grantee compliance with standards for early childhood development
- 6 consistent with programs for 4-year-olds, as approved by the state board of
- 7 education, and with all operational, fiscal, administrative, and other
- 8 program requirements. A program which offers supplementary day care and
- 9 thereby offers full-day programs as part of its early childhood development
- 10 program shall receive priority in the allocation of competitive funds.
- 11 Sec. 704. From the funds appropriated in part 1 for national board
- 12 certification, the department shall pay 1/2 of the application fee for
- 13 teachers who are deemed by the department to be qualified to apply to the
- 14 national board for professional teaching standards for professional
- 15 teaching certificates or licenses and to provide grants to recognize and
- 16 reward teachers who receive certification or licensure.

17 INFORMATION TECHNOLOGY

- 18 Sec. 901. The department shall work in collaboration with the center
- 19 for educational performance and information to support the comprehensive
- 20 educational information system and all data collection efforts of the
- 21 department.
- Sec. 902. The department and the Michigan virtual university shall
- 23 work collaboratively to implement section 98 of the state school aid act of
- 24 1979, 1979 PA 94, MCL 388.1698, in accordance with all applicable federal
- 25 laws and regulations.

26 EDUCATIONAL ASSESSMENT

- 1 Sec. 1001. (1) From the funds appropriated in part 1 for the
- 2 educational assessment operations, the department shall provide tests to
- 3 nonpublic schools and home-schooled students upon request. The department
- 4 shall notify nonpublic schools that they are eligible to receive the tests.
- 5 (2) The department shall release test results at the same time to
- 6 all private schools and public school districts taking the tests.
- 7 (3) The results of each test administered as part of the Michigan
- 8 educational assessment program, including tests administered to high school
- 9 students, shall include an item analysis that lists all items that are
- 10 counted for individual student scores and the percentage of students
- 11 choosing each possible response.

